

Message Text

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43

ACTION NEA-12

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 COME-00 EB-11 LAB-06

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC IMMEDIATE 7430

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E.O. 11652: N/A

TAGS: ELAB, LE

SUBJ: STRIKE AT ALICO

1. SUMMARY: STRIKE AT AMERICAN LIFE INSURANCE CO. BEIRUT HAS RESULTED IN REVOCATION WORK PERMIT ROBERT STATON, VICE PRESIDENT AND DIRECTOR OF COMPANY. STRIKE ISSUE WAS RELEASE OF COMPANY'S LAWYER AND RELATIONS BETWEEN STATON AND UNION. END SYMMARY

2. STRIKE AT U.S. FIRM, AMERICAN LIFE INSURANCE COMPANY (ALICO), (HOME OFFICE, WILMINGTON, DELAWARE) TRIGGERED BY SISMISSAL LETTER TO LEGAL CONSEL ON APRIL 10, HAS RESULTED IN WITHDRAWAL WORK PERMIT OF ROBERT STATON, VICE PRESIDENT AND DIRECTOR OF COMPANY AND SOLE AMERICAN IN LOCAL FIRM.

3. AT CENTER OF AFFAIR IS STATON WHO HAS ATTEMPTED SINCE LATE 1973 ON INSTRUCTION FROM HIS HEAD OFFICE, WILMINGTON, DELAWARE, TO SEVER SERVICES OF LEGAL COUNSEL WHO IS CONSIDERED REDUNDANT. EMPLOYEES' UNION, LIMITED OFFICIAL USE

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WITH WHOM STATON HAS LONG BEEN ON POOR TERMS, FOUGHT HIS

PLANNED ACTION FROM OUTSET, FEARING ONE DISMISSAL WOULD OPEN WAY FOR FURTHER, "MASSIVE LAYOFFS. IN PROCESS, UNION PREVAIL-ED ON LEBANESE LABOR LEADERS TO REQUEST GOL TO REVOKE STATOON'S WORK PERMIT OF LEGAL ADVISER DISMISSED FROM COMPANY.

4. STATON, IN TURN SOUGH LABOR MINISTRY SUPPORT FOR HIS CASE BUT, WHEN NEARLY TWO MONTHS PASSED BY WITHOUT MINISTRY COMING UP WITH EFFECTIVE SOLUTION, HE OPTED TO ISSUE DISMISSAL LETTER HIMSELF. LABOR MINISTER WAS PREDICTABLY IRATE OVER HIS ACTION AND STATEMENT WAS BROADCAST APRIL 13 (SOURCE UNKNOWN) THAT MINISTER WOULD REVOKE STATON'S WORK PERMIT UNLESS THAT STATON'S ACTION WAS PERSONAL AFFRONT TO HIM, NOTICE WAS DIRECT CHALLENGE TO RECENT GOL-LABOR UNDERSTANDING (AS PART OF PACKAGE DEAL WHEREBY UNIONS CALLED OFF APRIL 2 GENERAL STRIKE) THAT WORKER DISMISSALS WOULD NOT BE PERMITTED DURING INTERIM PERIOD IN WHICH ARBITRARY DISMISSAL CLAUSE (ARTICLE 50) OF LABOR CODE WAS BEING REVISED. NEITHER STATON NOR EMBASSY WERE AWARE OF THIS ASPECT MINISTER'S AGREEMENT WITH UNIONS.

5. ABOUT SIX WEEKS AGO DIRECTOR GENERAL PRESIDENCY BOUTROS DIB HAD COMPLAINED TO EMBASSY'S DCM CONCERNING POOR LABOR RELATIONS AMERICAN LIFE IN CONTRAST TO SUCH RELATIONS OTHER AMERICAN COMPANIES BEIRUT. AT TIME DIB INDICATED GOL MIGHT BE FORCED WITHDRAW STATON'S PERMIT. WITH FORTUITOUS VISIT IMMEDIATELY THEREAFTER BEIRUT AMERICAN LIFE'S PRESIDENT, DONALD DAVIS, WHO HAD LONG TALK WITH DIB, ATMOSPHERE BETWEEN COMPANY, LABOR AND GOVERNMENT IMPROVED.

6. HOWEVER, WHEN STATON ISSUED DISMISSAL NOTICE TO LEGAL COUNSEL ON APRIL 10, WHOLE PROBELM ROSE AGAIN AND STRIKE ALMOST IMMEDIATELY ENSUED. DIB CALLED AGAIN DCM WHO EXPLAIN-ED STATON' SIDE OF PROBLEM AND AGREED TO DISCUSS MATTER WITH HIM FURTHER. HARDLY HAD DCM RETURNED TO EMBASSY WHEN MINISTER OF LABOR INFORMED EMBASSY HE WAS WITHDRAWING STATON'S PERMIT. DCM HAD LONG MEETING WITH MINISTER FOLLOWING DAY WHO AGREED POSTPONE WITHDRAWAL PERMIT UNTIL LIMITED OFFICIAL USE

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APRIL 17 TO GIVE EMBASSY TIME TO TRY AND WORK OUT COMPROMISE.

7. EMBASSY LABOR ATTACHE DISCUSSED PROBLEM WITH GABRIEL KHOURY, PRESIDENT LEBANESE CONFEDERATION OF LABOR, WHO EXPLAINED CONFEDERATION OPPOSED DISMISSAL ON PRINCIPAL BUT NO OBJECTION TO VOLUNTARY RESIGNATION AND RETERATED CONFEDERATION'S DESIRE STATON BE WITHDRAWN BY HIS COMPANY. LABOR ATTACHE AND DCM THEN REPORTED CONVERSATION

WITH KHOURY TO STATON. THEY SUGGESTED THAT STATON MEET WITH MINISTER OR DIRECTOR GENERAL OF LABOR AND OFFER, IN INTEREST SETTLEMENT, WITHDRAW DISMISSAL NOTICE TO GIVE MINISTER TIME TO PERSUADE LEGAL COUNSEL TO ACCEPT GENEROUS TERMS (60,000 LEBANESE POUNDS) COMPANY HAD OFFERED. STATON AGREED BUT MINISTER REFUSED TO SEE HIM. EMBASSY THEREUPON ARRANGED THROUGH THE MINISTER FOR STATON TO MEET WITH MINISTRY'S DIRECTOR GENERAL. LATTER SUGGESTED STATON (A) WITHDRAW LETTER; (B) HIRE PERSONNEL MANAGER; (C) PAY STRIKE PAY; (D) FORESWEAR ANY FURTHER DISMISSALS AND (3) FINALIZE AGREEMENT BETWEEN UNION AND COMPANY. STATON COULD AGREE TO (E) AND HIS SOMEWHAT OBLIQUE OFFER TO SUSPEND ACTION ON LETTER MADE NO IMPRESSION. IT WAS SHORTLY AFTER THIS MEETING THAT EMBASSY INFORMED PERMIT WAS BEING WITHDRAWN.

8. STATON EXPECTS THAT CHAIRMAN OF BOARD JOHN COX WILL BE COMING SHORTLY TO BEIRUT.

9. COMMENT: FROM OUR CONVERSATION WITH LABOR AND GOL, WE BELIEVE ISSUE IS BASICALLY STATON. LATTER WAS SENT HERE IN 1969 SPECIFICALLY TO STREAMLINE OPERATIONS OF COMPANY AND IS SO DOING UNDOUBTEDLY HAD TO TAKE A NUMBER OF UNPOPULAR ACTIONS VIS-A-VIS THE EMPLOYEES. WHATEVER THE REASON, HE DID NOT DEVELOP A GOOD WORKING RELATIONSHIP WITH EITHER LABOR OR THE GOL.

10. UNFORTUNATELY THE ISSUE OF THE LEGAL COUNSEL REACHED ITS PEAK AT A TIME WHEN THE GOL WAS WEAK. THE GOVERNMENT HAD JUST BARELY AVOIDED A GENERAL STRIKE, WAS FACING STUDENT STRIKE AND WAS DEEPLY FEARFUL OF ANY TROUBLE WHICH MIGHT RAISE AGAIN THE SPECTER OF A GENERAL STRIKE. ALTHOUGH UNDER NORMAL CONDITIONS, IT IS HARD TO BELIEVE LIMITED OFFICIAL USE

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THAT THE DISMISSAL OF THE LEGAL COUNSEL COULD NOT HAVE BEEN AMICABLY RESOLVED, GIVEN THE PREVAILING LABOR AND POLITICAL CONDITIONS AND STATON'S HISTORY OF POOR RELATIONS WITH THE GOL AND LABOR, THE GOL SUCCUMBED TO LABOR PRESSURE AND WITHDREW THE PERMIT.

11. WE HAVE MADE CLEAR OUR UNHAPPINESS WITH THE GOVERNMENT'S DECISION BUT BELIEVE THE GOVERNMENT IS TOO COMMITTED TO THE UNIONS ON THIS ONE TO EXPECT IT TO REVERSE ITS POSITION.

12. IT SHOULD BE POINTED OUT THAT IN OUR JUDGEMENT, ACTION AGAINST STATON DOES NOT REFLECT A GENERAL ANTI-AMERICAN TREND AGAINST US BUSINESS IN LEBANON.
GODLEY

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